

The 10th Council of Ministers

Report of Secretary General on the ECO Activities

(Tehran, 8 June, 2000)

Annex-IV

1. It is indeed a great honour and privilege for me as the Secretary General of ECO to present to the honourable Ministers and distinguished delegates my annual report to the 10th ECO Council of Ministers' Meeting. At the outset, I would like to extend sincere congratulations on my own behalf and on behalf of the Secretariat to H.E. Dr. Kamal Kharrazi, the Honourable Minister of Foreign Affairs of the Islamic Republic of Iran, on his election to the Chair of the current session of the Council. We are confident that the ability, rich experience and sagacity of H.E. Dr. Kharrazi will steer our deliberations to a fruitful conclusion. I would like also to convey our heartfelt thanks to the Government of the Islamic Republic of Iran for their traditional hospitality, so generously extended to the participants of this meeting which is to be followed by the Summit of our leaders two days later.

2. We also owe our special thanks to the outgoing Chairmen of the Council, His Excellency Mr. Vilayat Guliev and H.E. Mr. Tofiq Zulfugarov the present and previous Ministers of Foreign Affairs of the Republic of Azerbaijan for their valuable contributions to the various important activities of our organization during the past one-year.

3. Since this is my last annual report to the Council of Ministers, I wish to place on record my gratitude to all Member States for their support and understanding extended to me in my endeavors to move forward and to promote the lofty goals and objectives of our organization during the last four years. While taking necessary actions to carry out and to complete the implementation plan of the reorganization and restructuring on the one hand, I did my best also to enhance the capacity and to uplift the stature of the organization by expanding its relations with other international/regional organizations and by initiating major projects particularly in the priority fields. In this process, I have tried to infuse a new dynamism in our organization. Today ECO has taken its due place in the international arena and is recognized as a respectable intergovernmental regional organization, devoted to the socio economic well-being of a strategically important region. It is my firm belief that ECO will follow the same path to consolidate itself as an effective regional entity in the years to come.

4. Detailed information related to the activities of the organization during the year 1999 have already been provided on the occasion of the 10th meeting of the Regional Planning Council held in Tehran on 10th February 2000. Despite the low number of events held, more significant developments covering various sectors came in the forefront, opening for us the new windows of opportunities. On the international scale, encouraging flow of technical and financial support was obtained for various programmes and projects. A two-way flow of purpose-oriented exchange of visits between ECO and other international organizations have produced tangible and concrete outcome. Moreover, the pace of activities since the beginning of the current year has shown a very satisfactory trend. In fact, during the last four months starting from February 2000 two Ministerial Meetings, (Trade and Transport/Communications)

one Regional Planning Council Meeting, three Seminars on Customs Cooperation, one Workshop Jointly Organized with WTO, one Conference Jointly Organized with UNFPA, two Task Force Meetings and a Legal Seminar on Drug Control Matters, as well as a number of technical/sectoral meetings included in the Calendar of Events have been held with fruitful results.

5. In pursuance of the decision taken at the 9th Council of Ministers Meeting held in Baku last year, the Ministerial Meetings in several important sectors have been institutionalized. This is an important development in fostering the commitment of Member States to fulfill the overall action plans and objectives of our organization. In other words, our organization is undertaking high-level commitment stressing once again the resolve of its Member States to enhance regional cooperation and to face challenges posed by the process of globalization. In fact, two Ministerial Meetings (Commerce/Foreign Trade and Transport/Communications) were held in March and April 2000 at Tehran and Islamabad respectively. The Ministerial Meeting on Energy is scheduled to be held in Islamabad in November 2000. Along the same line, Ministerial Meetings on Agriculture and on Industry as well as on Human Development are expected to be held next year.

6. Let me also take this opportunity to emphasize the high importance of the next ECO Summit, which will be held two days later on 10th of June 2000 here in Tehran. I am confident that the 6th Regular Summit will be a milestone for our organization marking the 15th anniversary of ECO as well as the advent of the new Millennium. The Tehran Declaration, which to be adopted at the end of this historic event, will provide the highest-level policy guidelines, which will enlighten the future course of action of the ECO.

7. I would like to submit now a brief resume of the progress and achievements regarding the main activities of our organization during the period under review.

Transport and Communications

8. The sector of transport and communications continued to enjoy high priority in the ECO strategy and work programme. The main event was the 3rd Ministerial Meeting on Transport and Communications held in Islamabad on 27-28 April 2000. The Ministerial Meeting provided a suitable forum for the presentation of country reports related to the implementation of the Programme of Action for the ECO Decade of Transport and Communications (1998-2007) and to finalize the Annexes of the ECO Transit Transport Framework Agreement. As two years have elapsed since its signing in 1998, the TTFA has to enter into force and be implemented subsequently within a reasonable time-frame. Therefore, I am addressing a strong appeal to the concerned Member States to finalize the process of ratification of this important agreement. Needless to say that full implementation of the TTFA will be hailed as a great achievement of our organization and a major contribution to ongoing efforts for the

revival of the historic silk road. In this connection, I would like also to address an appeal to the Republic of Uzbekistan to join the TTFA at the earliest. Uzbekistan is a key country for the overall transit network in the ECO region and more particularly in Central Asia.

9. The Ministerial Meeting also decided to adopt the Terms of Reference and working mechanism of the ECO Permanent Commission on Transport and Communications with reference to Para 16 of the Ashgabat Declaration (1997) on the Development of Transport and Communications Infrastructure and Network of Transnational Pipelines in the ECO Region.

10. Another important achievement is the finalization of the ECO railway and road network maps, which were prepared with the valuable assistance of the Islamic Republic of Iran and circulated among the Member States for final comments. It is expected that the remarks formulated by some Member States could be settled in a friendly way so that these maps could take their final shape after four years of efforts.

11. The Ministerial Meeting gave due consideration to ECO Shipping Company's activities as well. While appreciating the key role of the Islamic Republic of Iran in keeping operational the ECO Shipping Company, the Ministerial Meeting decided to set up a committee to resolve the outstanding problems of this company.

12. The activities related to the transport and communications sector included in the ECO Calendar of Events (1999-2000) were held to a great extent as scheduled. In this context, I would like to mention the following:

☐ Two meetings of the Experts Task Group to study the possibility of opening the international passenger traffic along the main Trans-Asian Railway line Almaty-Tashkent-Tehran-Istanbul were held in Almaty and Lahore in the year 1999.

☐ The Fourth Meeting of the Heads of the ECO Railway Authorities held in Lahore in October 1999. In this meeting it was decided to set up an experts group to study and formulate a flexible tariff policy for economical and efficient organization of railway transportation in the ECO region.

☐ Experts from Iran, Turkey and Kazakhstan met in Almaty in December 1999 to study the existing railway information system in Kazakhstan and to prepare an agreed report for consideration by the concerned railway authorities of the Member States. The experts recommended that the present information system of the Kazakhstan railways should be taken as a basis for establishment of a common information system for ECO railways.

☐ The 12th Annual Meeting of the Directors General of national telecommunication companies and postal authorities of ECO Member States was held in Istanbul on 1-3 December 1999. The most significant

achievement in the telecommunications field is the accession of ECO Member States to Trans-Asia Europe Optical Fiber System (TAEFOS), which has connected Iran, Turkey, Kazakhstan, Kyrgyzstan, Turkmenistan, and Uzbekistan with China and European countries. It is hoped that remaining Member States namely Afghanistan, Azerbaijan, and Pakistan would also access to the system in near future.

13. It would also be relevant here to touch upon the importance of the harmonization of tariff policy regarding the railway transport system among the central Asian Member States and Iran. On the occasion of a study visit made to Serakh Interchange Station in November 1999, it was observed that only a few Central Asian Member States were utilizing the Serakh-Tejan connection line due to high tariffs. The Tejan-Serakh-Mashhad connection was hailed as a great achievement of ECO in May 1996. Now, the concerned Member States of our organization have to adopt a more suitable freight tariffs to make an optimum use of the railways network in the ECO region.

14. The finalization of the formulation of the joint project on "Introduction of Multimodal Transport Operations in the ECO region" was another major achievement. This joint project will be carried out by UNESCAP and UNCTAD under the executive responsibility of the ECO. The Islamic Development Bank will provide financial assistance (USD 272,000) for implementation of this project. A Technical Assistance Grant Agreement was signed between IDB and ECO on 11 September 1999 in Tehran during the visit of H.E. Dr. Ahmad Mohamed Ali, President of the IDB to the ECO Secretariat.

Trade and Investment

15. The key focus of ECO's trade activities is to promote trade in the region by pushing forward on trade facilitation and gradual liberalization as well as on strengthening the institutional and the human capacity of the Member States in the trade field. Since May 1999, a number of important developments have taken place in this respect.

16. The first ECO Ministerial Meeting on Commerce/Foreign Trade was held in Tehran on 4-6 March 2000. The Meeting reviewed the present ECO trade cooperation and formulated new policy guidelines for boosting cooperation among the Member States. In this regard, the authorized representatives of seven Member States signed a Framework Agreement on ECO Trade Cooperation (FAT). The FAT laid down the principles of cooperation in trade including the launching of ECO Trade Agreement (ECOTA) for progressive elimination of non-tariff barriers as well as gradual reduction of tariffs in the region. It is expected that the Member States, which have not signed this agreement, would join it at the earliest, so that the basis for a full-fledged trade cooperation could be ensured.

17. In this connection, it is worthwhile to observe that, since several Member States are still in a transitional stage, it can be presumed that it will take a long time to reach an ECO wide trade agreement.

18. Earlier, the second HLEG Meeting on Tariff and Non-Tariff Barriers in the ECO region was held in Karachi on 2-4 August 1999 in order to find new mechanisms for the removal of trade barriers in the region.

19. With regard to ECO cooperation in Customs, Heads of Customs Administration of Member Countries have been meeting annually since 1993. The 6th Meeting was held in Tashkent, on June 1999, which enabled to review the developments on the transit trade in the region and specifically implementation aspects of the ECO Transit Trade Agreement (TTA). The meeting adopted some amendments to the ECO Passage Document (EDP) and also agreed to hold an Experts Group Meeting composed of representatives of Customs Administrations, Guaranteeing Associations and Chambers in order to consider the implementation aspects of EDP. The subject experts group meeting will be held in Baku on 20-22 June 2000, jointly with the 7th meeting of Heads of Customs Administration. It was decided as well to establish the Council of ECO Heads of Customs as a main policy-making body in respect of region-wide customs cooperation.

20. As a follow-up of the outcome of the 6th Meeting of the Heads of Customs Administration of ECO Countries, three training courses for customs officials of Member States were held in April and May 2000. The training programme on Turkish Customs Legislation was organized on 3-8 April 2000 in Ankara by Turkish Customs authorities; and two training courses on "Drug Enforcement and Intelligence Management" and "Customs Data Management" were organized in Tehran on 30 April-4 May 2000 and on 14-18 May 2000 respectively in by Iranian Customs Administration.

21. ECO's relations and cooperation with WTO continued to develop further during the period since the 9th COM meeting. ECO was accorded Observer Status in the WTO Committee on Trade and Development (CTD) and Third WTO Ministerial Conference and attended both the 25th Session of CTD (held on 4 June 1999) and Third Ministerial Conference held from 30 November to 3 December 1999 in Seattle, USA.

22. Following the Second ECO/WTO Seminar on Multilateral Trading System for ECO Countries, held on 22-23 April 1999 in Antalya (Turkey), the Third WTO Seminar on Trade Negotiations Simulation organized with financial and technical assistance of WTO was held in Tehran on 6-10 May 2000.

23. ECO Member Countries' exports to the world amounted to US\$ 58.5 billion in 1998 out of which only US\$ 4 billion took place among the Member Countries. This, in turn, implies an intra-ECO export ratio about 7 percent. Surely, this performance is not reflecting the present trade potential in the region. According to the very recent study done by the International Trade Center, the indicative trade potential for the ECO region is estimated to be approximately US\$ 16 billion, four times of the actual one.

24. Given the low-trade flow among the ECO Member Countries, the Secretariats of ECO and International Trade Center (ITC) of WTO/UNCTAD in Geneva have initiated

the project on “Increasing Intra-trade in the ECO Region” using the ITC methodology on South-South trade promotion. This project basically aims to identify trade opportunities in the region and to translate them into transactions by bringing together buyers and sellers. Based on the results of trade flow analysis, a full-fledged project will be developed to be executed jointly by ECO and ITC in cooperation with the Member Countries. The cost of project is approximately US\$ 300,000. With regard to the funding of this project, the ITC will provide 134,000 USD from its own resources while US\$50,000 will be financed through the ECO Feasibility Fund. The remaining funds are expected to be financed by IDB and/or UNDP.

25. Relations with UNCTAD gained new momentum with the signing of a Memorandum of Understanding (MOU) between the ECO and UNCTAD in November 1999.

26. The ECO Secretariat has pursued to benefit also from IDB’s trade supporting programmes and schemes. In this context, the ECO Secretariat attended the First Focal Points Meeting on Increasing Intra-Trade among the Islamic Countries, held on 27-28 November 1999 at the Bank’s Headquarters. It was agreed in the meeting that the IDB would support the OIC sub-regional organizations’ trade activities particularly related to the Buyers and Sellers’ Meeting.

27. The Third ECO Trade Fair scheduled to be held in Karachi on April 2000 was postponed due to poor level of participation. I am, therefore urging all Member States to take an active part in this important event to be held most probably in November this year.

28. The ECO Chamber of Commerce and Industry should also play a more active role in promoting trade among the Member Countries. It would be desirable if the National Chambers of the Founding Members could help their counterparts in the ACAMS (Azerbaijan and Central Asian Member States) to strengthen their capacities in this regard. In fact, by according greater priority to the participation of the private sector, the ECO Member States may create a more favourable environment to facilitate and increase trade transactions within the region.

Energy

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29. In the field of energy, the ECO region undoubtedly possesses an extraordinary potential (for multilateral action) in harnessing energy resources and building networks of trans-national oil and gas pipelines as well as interconnection and parallel functioning of its power systems for common benefit. Optimal exploitation of our energy resources in the field of energy will contribute to the consolidation and further development of the economies in our region.

30. In pursuance of the Ashgabat Declaration of 14th May 1997, various Ad-Hoc Committee and Experts Group Meetings were held during 1999 to speed up

cooperation in the field of energy. In relation to ECO Oil and Gas Pipeline Route(s), the Third High Level Experts Task Group (30th September-1st October 1999) meeting in Islamabad finalized a comprehensive Draft of the Terms of Reference (TOR) for the consultant(s) for preparation of a pre-feasibility/feasibility study which was adopted later by the 10th RPC. The meeting decided that the Secretariat may make its efforts with the international financial institutions/banks for obtaining the needed funds. However, the Secretariat, despite its tireless efforts, could not obtain any encouraging sign in this respect.

31. With reference to interconnection and parallel functioning of the power systems of the ECO Member Countries, the Third Specialized Experts Task Group (SETG) meeting (Ankara, 7-8 December 1999) agreed that the proposed pre-feasibility study may be conducted under the coordinating role of the ECO Secretariat. The Terms of Reference (TOR) were amended accordingly in which the coordination function of the ECO Secretariat was highlighted. The said report has now been endorsed by the 10th RPC.

32. The contacts with the Islamic Development Bank (IDB) on the subject issue has so far been promising. In follow up of the IDB's mission, the concerned authorities of the Islamic Republic of Iran (TAVANIR) hosted the 4th SETG Meeting on 6-7 May 2000. The meeting agreed on short listing of the consultants for the project and assigned the overall coordination to the Directorate of Energy, Minerals and Environment in the ECO Secretariat.

33. The first meeting of the ECO Executive Directors of Oil, Gas, Petrochemical and Power Industries was held in Almaty (1st MEDOG&P, 8-9 October 1999). The meeting drew up the agenda for the 1st ECO Ministerial Meeting on Energy, which will be hosted by the Government of the Islamic Republic of Pakistan in November 2000. The meeting also prepared the Draft Protocol on Regional Cooperation in Energy/Petroleum and the Draft Plan of Action for Energy/Petroleum Cooperation for the ECO region during the year 2000-2004 for consideration and approval by the Ministers. It is expected that the upcoming Energy Ministerial meeting would prove to be a milestone in enhancing regional energy cooperation in the beginning of a new millennium.

34. I would also like to mention that international and regional organizations are showing increasing interest in expanding their relationship and cooperation with the ECO Secretariat in the field of energy, such as International Gas Union (IGU), Interstate Oil and Gas Transport to Europe (INOGATE), Energy Charter Treaty (ECT) Organization of Petroleum Exporting Countries (OPEC), and others. The Energy Charter Secretariat, in its correspondence with the ECO Secretariat, has expressed its interest to sign a Memorandum of Understanding for Cooperation between the two bodies. A workshop on cooperation between ECO and Energy Charter Secretariat is expected to take place soon in Ankara for which the concerned authorities in the Member States are kindly requested to participate at experts level. The OPEC Secretariat has also expressed its interest to cooperate with ECO Secretariat in

organizing a joint workshop on petroleum market analysis for which we are still awaiting the Member States offer to host this event.

35. For the first time in the history of the organization, a Workshop/Experts meeting on regional cooperation in the field of petroleum, refineries and products/ the liquefied petroleum gas (LPG) and natural gas was hosted by the the Islamic Republic of Iran in Mashhad during 13-14 November 1999.

36. Due to the importance of regional cooperation in energy efficiency and conservation by enhancing public awareness and involving the private sector in creating markets for energy efficient product, the Secretariat has done its best to organize the related events for promoting regional cooperation. But, regrettably, due to lack of quorum such events could not take place and I feel it my duty to urge the Member States to give this subject the deserved consideration.

Minerals

37. A proposed International Round Table Conference (RTC) on Investment Promotion for the Mining Industry in the region could not take place due to lack of needed funds and Member States' readiness to host the meeting. However, the 9th RPC approved the Secretariat's suggestion for an ECO event titled "ECO Minerals Experts Meeting" in cooperation with UNESCAP on enhancement of regional cooperation in minerals sector and drafting ECO Minerals Plan of Action. The Islamic Republic of Iran has kindly offered to host the event, which is expected to take place at the earliest.


Environment

38. The First Experts Meeting on Energy Resources Development and their Environmental Impact Assessment in the ECO region was held in Islamabad on 28-29 September 1999. The 10th RPC requested the concerned authorities in the Member States to consider the content of the said meeting's report at a preliminary workshop.

39. Moreover, the 10th RPC welcomed regional training workshops to be organized in cooperation with leading international agencies/resource persons on transfer of technology, institutional development for understanding the environmental issues and strengthening cooperation among Member Countries. In this connection, a Memorandum of Understanding for cooperation between ECO and the United Nations Environment Programme (UNEP) will be signed very soon.

40. Let me remind this august Council that with reference to Article 26 of Istanbul Declaration (July 1993), a Plan of Action on ECO Region Cooperation in the field of environment was proposed for the first time at a workshop on Urban Air Pollution, which was held in Ankara on 22-23 December 1997. As it was stated earlier, the Almaty Declaration (11 May 1998) also stressed the importance of regional cooperation on environment. A workshop on the subject was held in Girne in August 1998. The 9th and 10th RPC requested the Member States to cooperate on regional pollution prevention/control. Some steps taken in this regard are summarized below:

 Turkey proposed to establish Regional Training Center (RTC) under the auspices of Refik Saydam Center of Hygiene in Turkey.

 The Ministry of Environment and Natural Resources of the Republic of Kazakhstan proposed that issues of ARAL Sea Region Rehabilitation Programme, Caspian Water Pollution Control, Semipalatinsk Nuclear Testing Ground Soil Rehabilitation (SNTG) may be included in the list of topics for the technical and economic studies of the ECO.

Agriculture

41. The recent RPC Meeting noted with concern the non-holding of meetings and events approved for the year 1999 under agriculture, industry and health sectors mainly due to the lack of necessary quorum and stressed the importance of such events. The current year has, however, seen a good start in the form of successful preparation for ECO/IDB/FAO/ICARDA Joint project identification missions in the field of agriculture to selected Member States to be conducted in June-July this year.

42. There has been considerable cooperation among the three founding Member States in the sugar beet seed development and there are prospects for further exchange of information in this regard. In the current year's calendar, Secretariat will hold an important Seminar on Food Security around October.

43. The tenth RPC Meeting also recommended that like other ECO priority sectors, Ministerial Meetings on Agriculture, Industry and Human Development may also be held during the year 2001. I reiterate our request to the Member States through this Council to promote and strengthen regional cooperation in these vital areas by furnishing the pending information for completion of different documents.

44. In accordance with the ministerial directives and the 9th RPC Meeting's recommendations, the Directorate of Agriculture, Industry and Health has recently initiated some new proposals and plans such as establishment of the ECO Plant Protection Organization (ECO-PPO), ECO Permanent Commission on Prevention and Control of Livestock Diseases in the Region and cooperation in Seed Development and Production.

45. The ECO Secretariat continued its endeavors to strengthen cooperation with relevant international bodies in the past one year. The highlights of those are as follows:

46. The ECO Secretariat concluded an MOU with International Center for Agriculture Research in Dry Areas (ICARDA) on 8th June 1999. It aims at developing cooperation between ICARDA and ECO by consultation, coordination of efforts, mutual assistance and joint actions in the fields of common interest and in accordance with the objectives and principles of ECO and ICARDA.

47. Within the framework of its MOUs with FAO, ICARDA and the IDB, the ECO Secretariat requested these organizations to associate themselves with a joint mission

to undertake consultations with the experts/professionals of the ECO Member States to formulate viable projects/programmes in the agriculture sector which will help in poverty alleviation, eradication of hunger and food security for the people of the ECO Region. The Islamic Development Bank has agreed to provide financial assistance amounting to US \$23,200 for this purpose.

Industry

48. Within the framework of the COM's guidelines and the overall goals and objectives of the Organization, the Secretariat, in consultation with the respective Member States has been working on different proposals, plans and programmes including the harmonization of industrial policies of the Member States, role of private sector, privatization process, transfer of technology, development of small and medium sized enterprises, etc. possibly with UNIDO and ESCAP collaboration and cooperation. Last year, Secretariat put forward the idea of holding a seminar in Lahore (Pakistan) to enlighten Member States regarding the scope of services, capabilities and experiences of ECO Consultancy & Engineering Company (ECO-CEC). However, the proposed seminar could not be held last year on schedule due to lack of quorum. This year, a Workshop of Managers of Research and Development Centers and Investors will be held in Tehran. Also the Asian Productivity Organization is organizing a seminar in Tehran on Small and Medium-sized Enterprises Development with the support of Islamic Republic of Iran in which ECO countries are expected to participate. Iran has also offered to host the First Ministerial Meeting on Industry in the year 2001. A Seminar in collaboration with UNCTAD on Bilateral Investment Treaties (BIT) is to be held during the current year. I request the Member States to fully participate in these activities.

49. The last RPC has also recommended the Secretariat to prepare and submit to CPR a report on possible inclusion of Tourism sector in the activities of the Organization.

Health

50. Being aware of the usefulness of developing and strengthening cooperation with other regional and international organizations to support its Member States' efforts to extend adequate health care facilities to their peoples, the Secretariat has entered into institutionalized cooperative relationship with UNICEF, UNFPA and into a productive dialogue with WHO.

51. So far ECO/UNFPA and ECO/UNICEF/WHO have carried out four and three joint activities respectively. A Joint ECO/UNFPA Conference on Expanding Contraceptive Choice and Improving Quality of Reproductive Health Programme was held in Istanbul (Turkey) last month. Following UNICEF Representative's visit to the Secretariat last November, some concrete proposals are in the pipeline for joint implementation.

Economic Research and Statistics

52. The second meeting of National Focal Points (NFPs) on Economic Research and Statistics was held in Almaty on 4-6 October 1999. During this meeting, a new format for the ECO Annual Economic Report for the year 1999 was adopted. The current Report has been finalized and is under print. The meeting also agreed on a common approach for the Establishment of ECO Intra-Regional Electronic Communication Network (ECO-NET) between ECO Secretariat and National Focal Points.

53. The Secretariat has already published the ECO Guidebook, which has been circulated among the Member States. Now the Secretariat is working on two other publications namely the ECO Statistical Year Book and the ECO Business Guidebook. The last RPC had approved four research topics under a Joint Economic Research Programme for which funds are being sought. A Local Area Network (LAN) has been set up linking all the operating units internally and also providing facility of Internet and access to E-mail. Preparations for launching an ECO Website have almost been completed. It will be launched very soon.

Project Research

54. Based on the Terms of Reference of the ECO Directorate of Project Research (DPR) and the Work Programme for 1999, the Directorate of Project Research in the past one year prepared the annual list of the ECO Projects (Feasibility Studies) with the identification of possible funding sources and tried to collect information/data for preparation of a directory of the ECO region's training institutions and a roster of experts/consultants of the ECO Member Countries in the priority areas. The Directorate is also deploying efforts to establish relations with different training Institutions/Centers, foundations and international institutions in order to organize training programmes for the experts in the ECO region to implement various ECO projects.

ECO Regional Institutions and Specialized Agencies

55. The Annual Reports for some of these Agencies/Institutions that were received by the Secretariat as per Article X of the Treaty of Izmir are included in the Working Papers of this Council's session. As regards ECO Regional Institutions, the past year's development worth mentioning here is the ratification by the Republic of Turkey of the Agreement of the ECO Trade & Development Bank and the Amendments in the Articles of the same Agreement. Since Pakistan had already ratified the said Agreement and the amendments, the Islamic Republic of Iran is expected to expedite the ratification process, so that the Bank could become operational without further delay. Regarding the ECO Reinsurance Company the relevant authorities in Turkey have to complete the remaining formalities so that this institution could become operational simultaneously with the Bank.

56. The only functioning ECO Regional Institution i.e. ECO Shipping Company has received no share capitals from signatory Member States other than the Islamic Republic of Iran. In the recent Ministerial Meeting on Transport and Communications held in Islamabad in April this year, other signatory Member States expressed interest in

the continued functioning of the Company and to make their initial contribution before 30th June 2000. To resolve outstanding problems of the ECO Shipping Company, it was decided that within one month from the deadline (June 30 2000) a committee consisting of countries, which had paid their initial equity shares would be set up.

57. Out of three ECO Specialized Agencies namely ECO Cultural Institute, ECO Educational Institute and ECO Science Foundation, only the Cultural Institute is in operation at present. The Institute held its second Board of Trustees Meeting in January this year. The Board of Trustees approved, inter-alia the budget of the Institute for the year 2000, a three-year Plan of Action and provisionally approved the seal and emblem of the Institute. This meeting also approved the appointment of H.E. Mr. Mahmoud Broujerdi as the new President of ECI for the remaining term held by the Islamic Republic of Iran.

58. As regards ECO Science Foundation, its charter has already been ratified by five Member States. The host authorities in Pakistan have expressed their readiness to hold the First Meeting of the BOT in the second half of the year 2000 to make this project operational.

59. I earnestly hope that the Member States would also fulfill their obligations vis-à-vis the ECO Educational Institute whose Charter was signed during the 8th COM Session two years ago, so that this important institute also becomes operational soon.

Drug Control

60. In pursuance of the ECO Plan of Action on Drug Control adopted in Ashgabat in May 1996, the Secretariat concluded with UN Drug Control Programme (UNDCP) in March 1998 a Project Document for establishing a Drug Control Coordination Unit (DCCU) in the ECO Secretariat. The Project took off in July 1999. Under the Project, Member States are sending drug-related information periodically to the DCCU. In February this year, two Task Force Meetings on Law Enforcement and Coordination were held under the Project, which were attended by all the member States and UNDCP representatives from Vienna. A two-member joint ECO-DCCU study mission was conducted in April-May this year to all the ECO Member States (excluding Afghanistan) in order to get first hand information about the narcotic drug trends in the ECO Region. Given the success of the Project, the UNDCP and other donor entities have shown their interest to lend their financial and technical support for the continuation of the Project for a second phase after the expiry of current one-year pilot phase in July this year.

ECO Awards

61. As the Council is aware, the 8th COM Meeting in Almaty approved Modalities for ECO Awards in five fields of excellence in May 1988. These awards are expected to be disbursed during the 6th ECO Summit Meeting.

Status of Ratification of ECO Agreements

62. Since, the Legal Adviser has already prepared a separate report on subject matter, the Secretary General would like to submit some observations for the kind consideration of the Honourable Ministers. First of all, we have to complete the required quorum regarding the ratification of the revised Izmir Treaty and other basic documents of our Organization. Up to date, only five Member States have accomplished the requisite formalities for ratification of the Izmir Treaty. May I take this opportunity to address an urgent appeal to the concerned Member States to accelerate the process of ratification of the Izmir Treaty, the founding Charter of the ECO and other basic agreements so that the same could be registered with the United Nations (Legal Section).

External Relations

63. Since I took office in August 1996, I devoted a special attention and intense activity in further strengthening and expanding the existing relations and adding new partners in our cooperative efforts with other international/regional organizations/institutions. My principled position in this regard was motivated by the conviction that the fruitful cooperation with relevant international bodies could help to a great extent to overcome the existing difficulties both administrative and financial in carrying out our projects and programmes.

64. In addition to MOUs signed with FAO, ICARDA and UNCTAD during last three years, more MOUs/Agreements for cooperation are in the pipeline. In fact, the CPR has already approved the signing of the MOUs with OSZhD (Organization for Cooperation of Railways) UIC (International Union for Railways) and UNEP (United Nations Environment Programme). The CPR has also approved the establishment of cooperative relationship with SADC (Southern African Development Community) and ECT (Energy Charter Treaty). ECO Secretariat has also been approached by ITC (International Trade Center) to conclude an MOU on cooperation.

65. On the other hand, the cooperation with the specialized agencies of the UN is developing at a very satisfactory level for both sides. I would like to emphasize that, among the UN Specialized Agencies, UNDP, UNESCAP, UNFPA, UNCTAD are most actively supporting the ECO related activities.

66. During the last four years, the annual programme related to UN General Assembly sessions had been regularly carried out. Draft Resolutions on Cooperation between UN and ECO had been adopted by consensus every year since 1995.

67. The Joint Ministerial Meeting ECO/ASEAN has now become a regular feature of our organization's planned activities in New York. In this connection, I would like to stress the need for a more expanded cooperation with ASEAN to get optimum benefit from the experience and performance of this successful regional body.

68. The Secretary General had also visited the World Bank Headquarters in Washington, D.C. in October 1999. Although, high-level officials at the World Bank have held working meetings with ECO staff no promising follow up could be materialized. This is my personal view that at the present stage, the World Bank is not ready to extend services/assistance to our organization.

69. The Islamic Development Bank (IDB) is one of the most helpful regional/international institution as far as our organization is concerned. The IDB is showing keen interest particularly on projects/proposals related to the priority sectors i.e., transport, trade and energy. A technical assistance Grant Agreement worth 272,000 USD was signed on 11 September 1999 in Tehran between the IDB President and ECO Secretary General for the implementation of ECO/IDB/ESCAP/UNCTAD Project on Introduction of Multi-modal Transport Operations in the ECO Region. The IDB will also provide a financial grant amounting to 23,200 USD for the joint ECO/FAO/ICARDA mission in the agricultural sector. The IDB is contemplating as well, the grant of a substantial financial assistance with regard to the feasibility study for interconnection and parallel functioning of the power grids in the ECO Region. The ECO Secretariat also expects a favourable response from the IDB for its possible financial contribution for the implementation of the Joint ITC/ECO Trade Promotion Project. The above mentioned financial and technical assistances are outstanding examples of how ECO Secretary General and his staff have utilized the good relations with IDB in advancing the objectives of the organization.

70. ECO relations and cooperation with WTO have been another outstanding development during the period under review. ECO has been accorded observer status in the WTO's Committee on Trade and Development and attended the 25th Session of Committee on Trade and Development in June 1999 in Geneva. An ECO Secretariat's high-level delegation attended WTO's 3rd Ministerial Meeting held on November 1999 in Seattle, USA. The 3rd Regional Joint WTO/ECO Seminar on Trade Negotiation Simulation was held on 6-10 May 2000 at the ECO Secretariat with technical and financial assistance of WTO. WTO officials have appreciated the ECO's contribution and expressed their willingness to continue such activities in the years to come.

71. The UNDP/ECO Capacity Building Project of the ECO Secretariat is being implemented in a satisfactory manner. Under this project, UNDP has provided office equipment including computers and related items as well as training programme on Information Technology. Recently, a high-level UNDP delegation visited the ECO Secretariat and it was agreed to carry out various consultancy services.

72. Further to the signing of MOU with UNCTAD, the ongoing cooperation with this important UN body would be upgraded. As may be recalled two joint UNCTAD/ECO

missions to selected Member States were carried out during 1998 within the framework of regional cooperation in customs. If the necessary financial support could be provided this joint UNCTAD/ECO project may produce tangible results. On the other hand, UNCTAD will assume an important role in the implementation of the project on Multimodal Transport in the ECO region.

73. UNESCAP was another active ECO partner in the various areas of cooperation. In pursuance of the Seminar on Trade and Investment Information Networking held in 1999, ESCAP had provided a draft outline for ECO business guide. The ECO Secretariat has also participated in some experts meeting on Statistics and Research.

74. The ECO attendance in the Ministerial and Summit Meetings of the Organization of Islamic Conference has become a regular future. In fact, the Secretary General attended both the 25th Meeting of Islamic Conference Foreign Ministers held in June 1999 in Burkinafaso and the Annual Coordination Meeting held in October 1999 in New York.

75. The ECO Secretariat is being invited to a number of important international events such as G77, South-South Summit held last April in Havana and the Eurasia Economic Summit also held last April in Almaty.

Restructuring and Reorganization

76. The new setup of the Secretariat according to the implementation plan on restructuring and reorganization could be considered as completed within the framework of the CPR decisions. However, in pursuance of the relevant decision of the 9th COM Meeting held in May 1999 in Baku (ref. Para 12 of the Report of the 9th COM Meeting), the Secretary General prepared a report to revise the present organizational setup along with proposals on the staff strength and on the recruitment policy. This report circulated vide-Secretariat's Note Verbale No. ECO/CON/99 dated 20 September 1999 could not be discussed due to overloaded agenda. Nevertheless, I am of the opinion that the modus operandi of the Secretariat will be more efficient with the addition of a third post of Deputy Secretary General. I hope that, the work distribution agreed by the CPR concerning the three DSGs would be appropriate. I would like to place on the record that the various proposals, which were included in my report on restructuring, could provide a suitable framework for a future revision.

Concluding Remarks

77. As a matter of fact, during last two years almost all ECO Member Countries faced with financial/economic difficulties due mainly to Asian economic crisis and adverse internal developments. This unfavourable environment had negative effects on ECO projects/programs and activities as well. In fact, the ECO Secretariat confronted serious bottlenecks in carrying out the Calendar of Events/Meetings. To partly remedy this chronic deficiency, a Special Support Fund was established for the first time in the budget of the Secretariat for the year 2000. For a limited number of events/meetings

round trip air ticket (economy class) would be provided for one participant from each of the new Member States, thus enabling to attain the necessary quorum. I hope that, subject to a successful implementation of this new practice, more meetings could be held in the years to come.

78. Another innovation has been the proposed amendment in the Functional Methodology of ECO related to the utilization of ECO Special Feasibility Fund. If approved by the COM, this amendment will enable the ECO Secretariat to participate in financing of agreed joint projects to be carried out by various international/regional organizations. The financial contribution from the ECO Special Feasibility Fund would instigate possible donors to become actively involved in the ECO projects and convey at the same time a sense of seriousness on the part of ECO.

79. I would like also to make a few comments on the recruitment policy and staff strength of the Secretariat. One of the main principles in working out a new strategy for our Organization, which had culminated in the approval of a restructuring and reorganization plan, was the professionalism of the ECO Secretariat. To my opinion, to ensure this professional level the Secretary General should be empowered and experts/skillful personnel should be nominated for vacancies. Based on my personal evaluation, it is rather difficult to state that the present situation is responding to these criteria.

80. I am pleased to note that, adequate office and conference equipment including computers and other related devices of information technology could be supplied thanks to budget availabilities, funds provided by UNDP under Capacity Building Project and donation by the Islamic Republic of Iran. The Secretariat is now enjoying electronic facilities such as e-mail, internet and a website page is ready and will be available very soon.

81. Based on my observation during the last four years, I would like to submit some general comments as well. Since the expansion of its membership took place only seven and half years ago, the ECO could still be considered as a young regional grouping. During the initial period, the founding members had to assume more responsibility in terms of contribution to the budget, hosting main events such as Ministerial and Summit Meetings and participation at due level to major activities/projects. The repercussions of the Asian financial crisis as well as internal problems did not allow most of the new Member States to undertake more responsibilities as it could be expected. As a result of these constraints, the scale of assessment for contributions to the ECO Secretariat's budget will remain at the present ratio for three years more. Nevertheless, the rotation formula agreed on recently will ensure more say to the new Member States in the Secretariat.

82. On the other hand, during my tenure, I followed up to the best of my abilities, an objective and impartial line with a spirit of teamwork keeping above all the interest of the Organization. In this regard, both Dr. Shahabi and Mr. Agral, Deputy Secretaries General deserve special thanks in joining their hands to support my actions. I hope that

the spirit of teamwork and impartiality would be a permanent feature in the Secretariat's work in the years to come.

Thank you for your kind attention.